

**Town of Moultonborough
Major Initiatives – FY 2013
Discussion**

This section describes the major appropriation items of note, initiatives for the future, and changes proposed in past practice. When looking for potential cuts or major shifts in policy, your attention is directed here.

Focus of the FY 2013 Budget

Over the past several years we have concentrated on improvements in our financial, emergency and public works management capacities as well as creating planning capacity within the Office of Development Services. The focus this year is on consolidating those gains. Our specific budget, legislative and administrative proposals are addressed in capsule form below:

Town Officers:

Contingency: This was budgeted to cover a recommended 2.0% COLA and any other needs which may arise during the year. The actual CPI-U for New England for the period that we follow is 1.7%. However, we had promised the Police Union that we would not trigger the increase in the employee contribution rates for 2014 if the 2013 COLA was not at least 2%. This trigger is estimated to save us \$15,000+/- and compounds at 8%+/- year on year. The cost for the .3% added COLA would be about \$7,500 and compound at only 2.5%+/- per year.

Administration & Finance:

Town Clerk: This budget reflects the request of the Town Clerk to be placed upon the Grade and Step plan at Grade XVI Step 7 (annualized pre-COLA of \$59,333).

Traditionally the Town Clerk has been on a salary plus fee structure for which we budgeted \$51,000 this past year and under which she has averaged \$47,000+/- the past three fiscal years. The FY 2013 impact of this reclassification is about \$7,500.

Assessing: We have included the costs of the 5th year full revaluation and offset those with a withdrawal of \$110,000 from the Capital Reserve Fund. We have also laid out an approach to rebidding the next round of services that we believe will better position us for the succeeding cycle. In any event we are recommending a full bidding of appraisal services in 2013 for FY 2014 and beyond, both in the interest of potential cost savings and transparency.

We are proposing the purchase of a new software package at the modest cost of \$1,000. This will not only yield a \$3,200 per year savings but also improve our Vision on-line presence and provide a greater wealth of information to our users. It will not take any additional staff time and will hopefully reduce office visits and calls.

Software: We have had to re-budget the proposed FY 2012 investment of \$100,000 in the new software package due to delays in getting the RFP out on the street. This will be offset by a planned application of fund balance as we will discuss.

Reserve Fund Policy: We have budgeted an increase of \$4,000+/- toward fulfilling the principles outlined in the Town Fellows Report on an appropriate reserve fund policy. We have increased overall capital expenditures and contributions to reserves by roughly 4.5 or some .5% under the annual cap.

Public Works:

Administrative Support: In 2011 we created the position of File Clerk to support the Agent /DPW Director. As he has laid out for you, this position is believed to be under classified and understaffed. The Highway Agent/DPW Director has requested a reclassification of this position to Grade VI and an allotment of 10 additional hours per week. The impact of the reclassification is roughly \$5,000 while the impact of the added hours is roughly \$8,250.

Facility Improvements: There are several planned repairs as follows:

a.) Lees Mills	
Underpinning of Town Docks	\$6,500 *
b.) Public Safety Building	
Lighting Replacements	\$5,000
c.) Comm. Center	
Ceiling replacements	\$9,000
d.) Neck Fire Station:	
Repair of Block Exterior	\$8,500
e.) Town Hall	
Parking lot Crack & Seal Coating	\$5,000
f.) Pole Barn	
Asphalt Floor	\$3,200
g.) Town Hall & Public Safety	
Flooring & Finishes	<u>\$25,000</u>
	Total \$62,200

[Note: * this is for the main docks not those leased out]

Items a. through f. above will all be subject to the priority of the DOL ordered improvements at the offices of the Town Clerk and Tax Collector. Those were under design and review at the time of this submission.

Public Safety Building: We have budgeted \$2,500 for continued monitoring of the fire bay slab. It is planned that this monitoring will continue through at least 2014 or beyond until such time as we are forced to act by dramatic new movement in the slab or we have been able to rebuild our capital reserves.

Highway Operating Equipment: We have budgeted \$2,400 for a stainless steel welding gun for repair of the newer equipment that we have been acquiring and \$4,260 for a York Rake. This latter item will be used primarily on our gravel roads in the spring to get them dried out so we may grade them earlier and for storm debris removal.

DPW Capital Equipment: We are recommending the replacement of a six wheel dump truck with plow, wing and sander at a cost of \$170,000.

Road Improvement Program: We maintained our commitment to road improvements with a 3.3% increase of \$25,000. This offsets the 2.5% increase of last year to round out the 3% annual increase we have previously recommended.

Clarks Landing Rd- 1250' Reconstruction	\$135,000
Severance Rd- (West)- 1500' Reconstruction	\$150,000
States Landing- 5400' Reclaim/repave	\$265,000
Black Point Rd- 1830' Shim/overlay/repair	\$50,000
Bodge Hill Rd- 1500' Reclaim/Fabric/Pave	\$90,000
Shaker Jerry Rd- 48" culvert replacement	\$25,000
Chip/Crack Sealing	<u>\$60,000</u>
Total	\$775,000

Please note that there is not a specific amount of money budgeted for FY 2014 engineering. The DPW Director reports that, "In the past we have had monies left within the budget due to over estimating of projects and bids being lower then estimated. We also can utilize monies from the block grant if needed to help fund part of our design work involving the intersections which intersect with State Roads."

DPW – Transfer Station: As you directed, I have included an article in the Warrant for \$15k to undertake the initial phase of a site assessment program for the Pre-1981 landfill.

Development Services:

GIS Layers & System: We are proposing to continue our five year build out of our GIS system with the addition of layers for \$14,400.

Staff Upload Software	\$1,000
Staff Tools	\$2,500
Power Sub Stations et al	\$1,200
Time Warner Cable System *	\$2,600
Rangeway Locations *	\$1,000
Road Signage	\$3,400
Haz Mat Release Locations	\$1,500
Underground Fuel Tanks	<u>\$1,200</u>
Total	\$14,400

Finally, the Town Planner has requested a stipend of \$2,500 for his work in this area which he believes exceeds the anticipated scope of work when the Planner's position was first classified.

*These are offset with a withdrawal from these reserves and would be revisited if the BoS decides to kill the Communications Technology Fund or the items are eliminated from the 5 year plan.

Public Safety:

Fire Department: We continue to replace nozzles in accord with plan, replace 4" hose and replace the remaining PCs installed with the original building equipping.

PC Stations & iPad	\$4,150
Turbo Draft	\$3,500
Elkhart Nozzles	\$3,440
4" Supply Hose	<u>\$8,500</u>
Total	\$19,590

Emergency Management: The Chief has been handling the duties of the Deputy Chief for Operations (EMA) which we never filled. He has eliminated the \$5k for this position.

Police: The position of Prosecutor has been eliminated and the tasks assigned to a Sergeant (savings \$75k). With the matter of union representation for the sergeants now resolved, I do believe the Chief will want to discuss a stipend for these added duties. The vacant officer position remains unfilled as the Chief evaluates the need to fill it. Other items of note are:

SOU Gear Belknap	\$2,000
SOU Gear Local	\$2,000
Stalker Radar (Hand Held)	<u>\$2,750</u>
Total	\$6,750

Police Capital: We have allotted \$50,500 to purchase a replacement cruiser. This move to the utility vehicle will become the standard over time. The net cost, after grants, is roughly \$45,000. This is a relatively high cost and is driven by the inability to swap-over certain equipment from the old vehicles and the need to replace functionally obsolete equipment. Once the new fleet is transitioned in, these costs will moderate.

Community Services Team:

VNS: At no added cost, we are replacing the pagers with the cell phone stipend program.

Recreation: There are few changes of note in the general operating budget. However, there are two capital requests that I am putting forward.

The first is the study of the gym facility adjacent to the SAU grounds proposed by the Blue Ribbon Commission on Community Services & Facilities (\$17,500). I believe their exemplary nine months of service to the community laid the groundwork for this and we should see the effort through. I also believe that this effort might help us resolve some questions as to how to proceed with the Lions Club property when the lease terminates in just three short years.

The second capital item I am putting forward is the continuation of retrofits to the Moultonboro Neck Pathway (\$37,500) now that we have the DOT permits in hand.

Various Units

Community Services Team, Public Works, DPW: Finally, I am proposing to spend \$77,000 to acquire a parcel of land adjacent to the current Playground and Highway Garage in furtherance of the goals of these units. This cost will be offset by withdrawals from the Town Property Acquisition Fund and the ConCom fund. This acquisition will:

- Eliminate a potentially problematic Right of Way;
- Eliminate potential problematic abutter issues;
- Address one of the ConCom's highest priority sites for conservation efforts;
- Provide potential expansion of Playground Drive nature trail; and
- Provide potential expansion of DPW yard

In addition to the reasons for acquisition that have been previously identified, the ConCom agreed, during its meeting of November 5th to support this proposal with a pledge of \$10k from their fund and noted that their 2007 Natural Resources Inventory identified this area as a top priority to protect and to conserve. This Inventory (page 19) states that Mud Pond is considered a priority site due to the presence of unfragmented land, riparian habitat, wetlands greater than 5 acres and an aquifer. Currently none of the area is protected as conservation land and, as a result, is one of their highest priority sites for protection.

This support came with a stipulation that the parcel deed have development and activity restrictions and that a steward such as the LRCT should be named. While the first item is eminently reasonable I believe it may be problematic to find a steward interested in overseeing such a small disconnected parcel. We have set a are follow-up meeting address such concerns and procedural issues such as the required public hearing on the proposed ConCom expenditure.

Other Legislative & Administrative Matters

Outside of the budget appropriations I am making several recommendations for changes which require approval from the legislative body or the governing body. These are:

Recommendation #1: Fix the Salary of the Town Clerk on the Compensation Schedule
The reasons for her request for reclassification are pretty understandable. It is hard to plan her office or personal budget when there are swings in her fees. The workload in the office – particularly on the election side – increases while there is no fee associated with it. Her livelihood is affected by the ups and downs of any economic cycle while the workload remains pretty constant. From an accounting perspective Heidi and I fully support this switch.

In reviewing her request with her, I shared the results of the Thornton Study which had undertaken an analysis of her position and where it should fall on the compensation plan. That recommendation was Grade XVI. I have shown the Town Clerk how this analysis was done and – overall – she is in agreement that this would be the right grade. It is consistent with what other similar positions are compensated. As an example the Tax Collector is also a Grade XVI.

The Draft reflects her request for Step 7 based upon her lengthy service to the community and a review of what steps others of similar or lesser service are on. I leave the matter of which Step to place her on to you, but certainly do believe the current salary and fee approach is flawed and inadequate and needs to be addressed.

I have used her request in the Draft Warrant Article. That said, I would note there is disagreement between the Town Clerk and I as to the most appropriate wording of the article. Those differences can be discussed during her budget review.

Recommendation #2: Eliminate the Road Sealing Fund

Over the past few years we have been whittling the balance down toward this end. It will be at virtually a zero balance at year's end.

Recommendation #3: Reduce our defense of Variance and Permit Approvals.

We have had three lawsuits this year appealing our decision granting variances and permits. I will be seeking your discussion of a policy outlining when we “pass” on defending such cases. I do not believe our taxpayers should be paying the costs of defending the private interests of the applicants. I believe we should transfer those costs to the applicants by forcing them to intervene to defend the case and letting them know we will default in the defense thereof if they do not.

Recommendation #4: Set Targets and Ceilings for Certain Unresolved Funds

During our prior discussions we never set a hard target or ceiling for the Dry Hydrant and Police Communications Fund. I believe we should do so that we might wrap this into a section of our evolving financial policies. We have also asked the Auditor to recommend a target and ceiling on the Personnel Liability Fund which I believe may be close to topping out as we have yet to tap it.

Recommendation #5: Set a Long Term Plan for States Landing

This community resource has three major elements; the boat ramp, a potential swimming area, and seven acres of land. The original RSPT report laid out a strategy for the revitalization of this area yet it has never been addressed. We need to know what your intent might - if any - be that we might begin to implement it.

Recommendation #6: Implement or kill the Communications Technology Fund

This fund was created in 2007 to “... promote development of communications infrastructure to under developed parts of town ...”. To date we have had one request which, in the end, was actually authorized for installation by Time Warner without cost. There will be some \$135K in the fund.

I believe we need to develop a plan to use these funds or dissolve the fund.

Recommendation #7: Implement a Boat Launch Fee on the Honor System

The launch data for 2012 mirrors the results of 2011. At that time we found that paying for staff to collect the fee would essentially offset the revenues to be collected. However, an Honor System could raise some \$6,500 annually after the initial set-up costs of \$2,500+/- . The issue will become enforcement. We need enough periodic enforcement to make people be concerned they will get a (large) ticket if they do not pay but something that does not tie the Police up. The Chief and I will be able to present the mechanics of such a system during his budget review.

Budget Requests Not Recommended

Public Works:

DPW – Administration saw a reduction of the number of hours requested for the current clerk to bring it down to 28 hours per week. This is below the 30 hours per week sought which will trigger a requirement for health insurance in 2014. My reduction avoids the need to cut the hours from the 30 sought now, to 28 hours on January 1 of 2014.

DPW – Administration saw a reduction of \$400 for a Town cell phone currently provided to one employee who refuses to accept the stipend as all other Town employees are receiving. I believe they should all be on the same system and have allotted the funding on that basis.

DPW - Facilities requested \$25,000 for a wood fired boiler to heat the DPW garage. The projected payback is about 5 years or within our normal rule of thumb. While this should be considered when the current heating plant fails, the larger issue is there was no room to fund it within the 5% cap we have imposed and yet tackle those things I am recommending to you.

Community Service Team:

Recreation requested \$9,600 for software to allow program participants to register and pay for events and programs on-line. Setting aside the merits of such an expense I believe it should wait until we explore what our current on-line vendor might do for us and what we might accomplish within the sought \$100k software package.

Recreation contained a request for \$25,000 for a 20 passenger coach bus. The projected payback is about two years which would normally catch my eye. However, the Recreation Director is agreed that funding the recommendation of the Blue Ribbon Commission on Community Facilities to study the feasibility of a gym facility is of far higher priority as is the continuing repairs to the Moultonboro Neck Pathway. With those as priorities over this, there was no room to fund it within the 5% cap on the growth in capital.

Recreation also requested monies for the States Landing Study (\$11,500). These monies would develop a dredging plan which would then need to be funded. The dredging plan does not provide a detailed analysis of what is causing the problem. Without addressing those causes you cannot ensure the protection of the investment and so I cannot recommend undertaking this expense. It would be my hope that the proposed study of Moultonborough Inlet might provide just such baseline answers. That might even open up avenues for grant funding of improvements. With those answers in hand we can proceed from there. Finally, any expenditure really needs to be predicated on your long term intent for this property.

Public Safety:

Fire requested roughly \$1,500 (with benefits) for call-in firefighters to back-fill career positions when there is a sick day or vacation. This item was zeroed out last year and again this year. With three firefighters at the base station during the summer we can go down one and still have two. This is the same count that we used to backfill to achieve when there were only two career firefighters at the base station during the summers

Finally, I believe the Chief would take exception to my method of lump sum disallows (\$4,250).

Police requested \$2,400 to upgrade their 12 hand guns to the latest generation. This was modified to phase the changeover in over three years. This follows the pattern we have used with many other items like the Fire Department nozzles and turbo-drafts. I also disallowed about \$10,000 of their Off-Duty detail request due to a lack of activity anywhere near the requested levels of the past few years. Finally, discussion on stipends for the Prosecutor and Lead Patrol Sergeant were held in abeyance until he can present to you.

Challenges Addressed

Looking Backwards – In Progress or Completed:

Last year we identified several challenges to be addressed during the Fiscal Year or beyond. This is a brief recap of the major items:

- ❖ Substitute a lower cost – yet still high quality - health insurance program (Mathew Thornton)

This far exceeded our expectations of an initial \$12,500 savings with an estimated FY 2013 savings of \$50,000 thanks in large part to the financial incentive you authorized for those who switched. As you may recall the FY 2012 savings were paid to the employees as an incentive for switching. The FY 2014 savings from the anticipated change in our contribution to Blue Cross 2 Tier will be another \$25,000 yet.

- ❖ Explore accounting for our COBRA'd & Retiree insurance, police grants and police details through a revolving or off-budget account:

This was accomplished for our COBRA & Retirees by moving them to LGC administration. The net effect is zero as the income moves as well. However, it does avoid the fluctuations in these accounts which can create artificial views of what is happening within the budget. It also avoids the need to cut other operating line items within the budget to cover any unanticipated retirements or COBRA expenses during the course of the year. Finally, it eliminates an administrative task.

- ❖ Re-organize the Prosecutor services

This issue has been resolved within this budget at a savings of \$75,000+/-.

Looking Forward - Holdovers:

We will be looking at the Off-Duty Details and grant funding in FY 2013 now that we have completed our review and action on the COBRA & Retiree insurance accounts.

Challenges for FY 2013 & Beyond

Each year we address major issues that we see on the horizon. These have a major impact upon not only your budget but the quality of life within the community.

- ❖ The VNS is under increasing negative pressure as a business model and its long term viability is in doubt. This is not just a matter of revenues (which will drop from an estimate of \$250K for FY 2012 to an estimate of \$180K for FY 2013) but of the service having sufficient case load to keep its staff active and engaged in their profession.
- ❖ The use of the Community Substance Abuse Fund has not, in the opinion of many, achieved its stated purpose. The several units involved (Police, Recreation, and SAU) should review the efforts to date, potential modifications and review a system of measuring program effectiveness.
- ❖ The Police dispatch will be under increasing pressure to develop a viable long term strategy at an affordable pricing. The change in statute in 2014 requiring the provision of health insurance for all those working 30 hours per week will add pressure on the need to develop a long term strategy for our Police dispatch services.

Finally, if you want to minimize staff and service reductions while maintaining needed investments in plant and capital you have several potential safety valves that you must explore seriously.

- ❖ Discontinue the K-9 program upon retirement of the dog if not sooner

Estimated Savings:	\$25,000 and 200+/- hours of required annual training
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- ❖ Explore privatization of certain Public Works Functions.

Estimated Savings:	\$75,000+/-
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